



Commonwealth of
Massachusetts
Department of
Revenue

Annual Report

Fiscal Years 1988 and 1989

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Michael S. Dukakis
Governor

L. Edward Lashman, Jr.
Secretary for Administration
and Finance

Stephen W. Kidder
Commissioner of
Revenue

To the Honorable Michael S. Dukakis, Governor of the Commonwealth and the Honorable Members of the General Court of Massachusetts:

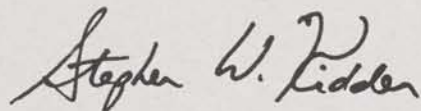
Fiscal Years 1988 and 1989 saw the Department of Revenue (DOR) transform itself into an agency whose mandate now reaches from tax administration all the way to child support enforcement. Under your leadership and with your support, the Commonwealth's proven success in administering its tax laws is being duplicated in efforts to crack down on parents who try to evade their financial obligations to their children. The same spirit and commitment to fairness that has made Massachusetts a leader in tax administration now drives the Commonwealth's efforts on behalf of children who have been economically abandoned by their non-custodial parents.

To meet, indeed to surpass, the ambitious goals set for FY88 — DOR's first year of child support responsibilities — demanded careful planning, close cooperation with our many partners in this effort and hard work. Even as we built the capacity to serve hundreds of thousands of children, we also achieved new levels of performance in those areas where we had already set high standards: We protected honest taxpayers by breaking our old records on productivity, collections from out-of-state taxpayers, audits and criminal prosecutions; we pushed our assistance to taxpayers to achieve our fastest refund turnaround time and even manually corrected the returns of 70,000 low income taxpayers to ensure that they received every refund dollar to which they were entitled; we brought on-line the first phase of MASSTAX — our massive new computer system; and we made sure Massachusetts' 351 cities and towns received vital information on their yearly allotment of State Aid earlier than ever before while helping 75 of them navigate through the complicated and often controversial process of revaluing their property.

As we came to the close of FY88, the Department had already begun planning its FY89 Revenue Initiatives Program — the largest single expansion of its tax enforcement capabilities in DOR history. As unexpected declines in corporate and capital gains revenues cut into the Commonwealth's tax base and as FY89 revenues began to weaken due to a gradual slowing of the economy, Revenue Initiatives took on an unimagined importance. Thanks to an increase in resources — especially new staff positions — DOR was able to boost its collection of evaded and delinquent taxes to unparalleled heights in FY89.

I am proud of what DOR has accomplished in these two fiscal years. We have become a better agency and a stronger organization by meeting these unprecedented challenges. All of us at DOR look forward to setting even higher standards of excellence in the coming years.

Sincerely,

A handwritten signature in dark ink, reading "Stephen W. Kidder". The signature is fluid and cursive, with the first name "Stephen" being the most prominent part.

Stephen W. Kidder
Commissioner of Revenue

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FISCAL YEAR 1988

Total child support collections jump 29%, topping \$150 million.

DOR achieves fastest average refund turnaround time for error-free returns: 11.7 days.

Tri-State Compact brings 2,000 out-of-state merchants to Massachusetts tax rolls.

Tax Prosecution Unit triples number of tax convictions.

DOR launches its Small Business Workshop.

Local Services releases a comprehensive guide to the mechanics of Proposition 2½.

FISCAL YEAR 1989

Revenue Initiatives Program boosts enforcement collections to \$526 million: an increase of \$162 million.

Court levies highest fine ever for a state tax violation: \$150,000

Phase I of MASSTAX computer system comes on-line.

Comprehensive guide to filing debuts.

Local Services begins conducting full-scale financial management reviews for communities in crisis.

DOR places nearly 6,000 liens and levies against child support delinquents.

Drive against the illegal use of repair plates begins.

Highlights

Fiscal Years

1988 and 1989

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Tax Service

Tax Service: A Year-Round Priority

Ensuring first-rate service for the Commonwealth's four million taxpayers is a top priority at the Department of Revenue (DOR). Many of the services taxpayers have come to rely upon are provided directly by the Department's Taxpayer Assistance Bureau (TPA), which offers telephone and walk-in assistance at district offices across the state and at over 600 outreach locations during the spring income tax filing season. Even during a quiet filing season, well over half a million taxpayers will turn to TPA for help in completing their tax returns.

Less visible, but equally important, are the behind-the-scenes contributions of DOR's Processing Division, whose efficient handling of millions of tax returns each year continues to guarantee taxpayers fast and reliable refund service. Throughout the filing season DOR's processing team works tirelessly to get refunds out quickly while, at the same time, depositing payments as fast as possible to begin earning interest for the Commonwealth.

While every filing season offers new challenges, the 1988 personal income tax filing season — for tax year 1987 returns — posed unique problems for taxpayers and tax administrators alike.

The introduction of the new Limited Income Credit, a change in No Tax Status and the confusion brought about by federal tax reform caused many more taxpayers to file incorrectly than ever before — resulting in a 40% increase in the number of returns that DOR had to review manually and correct. By adjusting these taxpayers' returns — a record 515,000 in all — DOR was able to boost the refunds of those filers who overlooked valuable tax savings by some \$30 million.

DOR's careful handling of returns throughout the filing season ensured that every person not only paid the correct amount but also that every taxpayer got the full refund he or she deserved. Even with the volume of personal income tax returns demanding special attention at an all-time high, however, DOR

still managed to beat the previous year's low average refund turnaround time by processing error-free returns in under 12 days and all returns — including those that needed individual attention — in under 17 days.

DOR could not adjust the returns of those taxpayers who failed to take the season's other new credit, the Excess Revenue Credit, because this required prior year information not contained on the tax form. The Department did, however, add a telephone "hot line" and reprogrammed its computers in order to supply taxpayers with the information they needed to claim the Credit on their returns. DOR also initiated an extensive public information campaign to alert taxpayers to the Credit. Through the close of 1988, these efforts helped 1.4 million taxpayers take advantage of the Credit for a total of nearly \$17 million.

Throughout the 1989 filing season, DOR focused on moving all returns — both error-free and those with errors — through the system more quickly. By shifting more resources into correcting returns with errors, the Department was able to cut the processing time for those returns from three weeks in 1988 to just one week in 1989. This meant a significant reduction in turnaround time for taxpayers who had made honest mistakes while only increasing by a single day the time it took to process error-free returns. As a result, overall refund turnaround time — even for returns filed with errors — was cut to 13 days, more than three days faster than 1988's record-breaking pace for all returns.

DOR also took a major step to simplify the filing process for taxpayers before mistakes were made. With the release of *A Guide to Filing Your Massachusetts Income Tax Forms* in February 1989, DOR debuted a now annual publication to aid taxpayers whose tax situations are relatively complicated. The 51-page guide expanded upon instructions available in the tax form booklets and included easy-to-follow examples.

During the 1989 filing season, DOR's Taxpayer Assistance Bureau helped 620,000 taxpayers — an 18% increase over just the year before. TPA kept libraries, post offices and town halls stocked with forms throughout the season. Trained staff were also available to answer questions and provide tax forms as well as to assist with on-site tax preparation. To give taxpayers the maximum support possible, TPA extended its hours to include evenings, weekends and holidays as the filing deadline approached.

Throughout the filing season DOR's processing team works tirelessly to get refunds out quickly while, at the same time, depositing payments as fast as possible to begin earning interest for the Commonwealth.

While the tax filing season is traditionally the Department's busiest time of the year, DOR's efforts to improve and expand taxpayer service continue throughout the year. Thousands of tax practitioners are kept up-to-date on issues ranging from new state tax legislation to Department enforcement initiatives through DOR's quarterly *Taxpayer Advisory Bulletin (TAB)*. In FY89, DOR published *A Guide to Taxpayer Assistance* which not only offers a brief overview of the services available through TPA but also gives taxpayers a chance to "speak out" on DOR services via a convenient mail-in questionnaire. With the publication of *A Guide to Estate Taxes* in FY88 and *A Guide to Sales and Use Tax* in FY89, DOR offered taxpayers two more in a series of booklets designed to help them comply with the Commonwealth's tax laws.

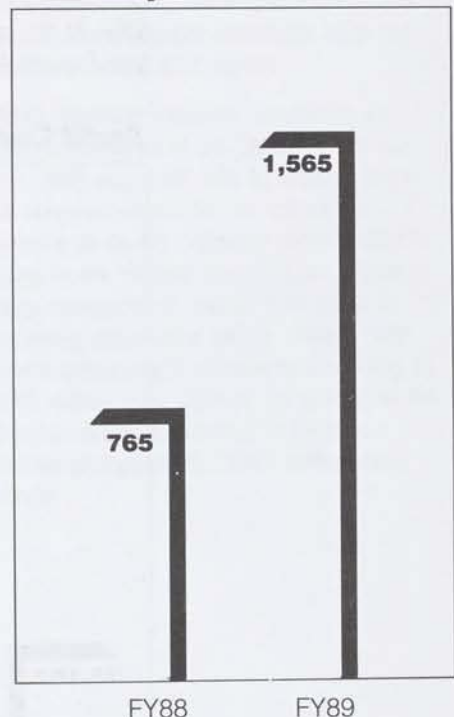
Every year, DOR also issues a variety of public written statements to explain the Commonwealth's tax laws in detail. For the most comprehensive overview of state tax laws to date, taxpayers can now turn to

DOR's *MASSTAX Guide*, a seven-volume set of reference materials on Massachusetts tax law and policies. Produced in conjunction with West Publishing Company, the *MASSTAX Guide* is an invaluable tool when researching any state tax issue. With the final four volumes released in August 1988, DOR continues to update the *MASSTAX Guide* quarterly.

Through a variety of community outreach programs, the Department offers specialized workshops and training to taxpayers in hundreds of outreach locations throughout Massachusetts. One of the most successful programs, the Small Business Workshop, addresses questions about business taxes ranging from the procedures for registering as a new vendor or employer to what taxes must, in turn, be collected and remitted to the state. Begun as a pilot program with just five participants in FY88, the Small Business Workshop had helped over 1,500 businesses understand their filing and payment responsibilities by the end of FY89.

Small Business

Workshops



Enforcement Efforts Recover Record Amount of Delinquent Tax Dollars

Well established as a national leader in state tax enforcement, DOR in FY89 launched its most ambitious enforcement crackdown ever against tax evasion: The Revenue Initiatives Program. With the support of Governor Dukakis and the Legislature, DOR was able to hire new auditors, collectors, lawyers, computer programmers and support staff to help boost enforcement collections in FY89.

Innovative enforcement projects as well as greatly expanded audit coverage brought delinquent tax collections for the year to \$526 million, an increase of \$162 million, or 45%, over FY88.

This enforcement achievement is especially remarkable given the Department's record-breaking performance in FY88. During FY88, for example, DOR auditors and collectors recovered \$364 million in delinquent taxes while the number of audits climbed to almost 80,000. FY88 also saw individual employee productivity soar: Each of DOR's nationally-based Multistate auditors discovered, on average, \$1.6 million in evaded and delinquent taxes — allowing that Bureau to increase its delinquent tax collections by 51%. At the same time, the Department's New England Audit staff increased per capita

collections by 45% and the Collections Bureau saw individual productivity grow to over \$1.4 million per collector.

Building on this strong FY88 foundation and fueled by new resources, the Department was able to complete a major reorganization of its enforcement operations, enabling DOR auditors and collectors to identify deeper layers of non-compliance than ever before. By FY89, for example, DOR had divided its New England Audit Bureau into regional offices. Based on the Department's highly successful Multistate audit model, this restructuring improved audit efficiency throughout the six New England states and enabled auditors to focus on previously underexamined areas — most notably, transactional or trustee taxes like meals, sales/use, room occupancy and withholding. Indeed, enforcement collections, fueled by an increase in these cases, rose by 71% in FY89.

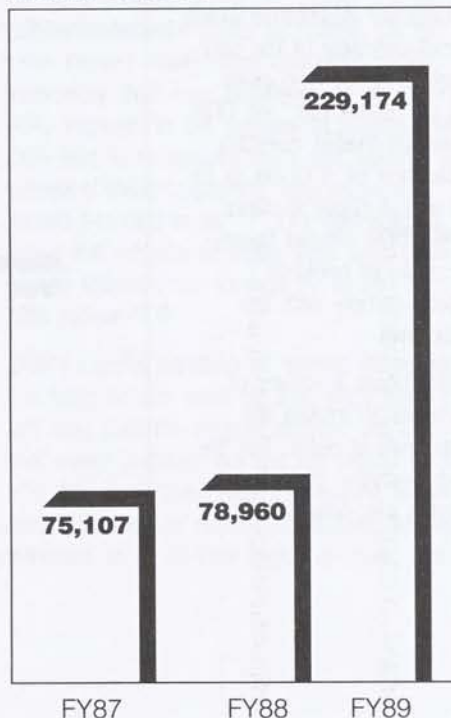
To continue to ensure that out-of-state businesses pay their fair share on profits made in the Commonwealth, DOR expanded its national audit presence in FY89 by opening an eighth Multistate audit office in Parsippany, New Jersey. By the end of FY89, DOR's Multistate auditors had each discovered an average of \$1.8 million in previously unreported or underreported taxes — a 12% increase over FY88.

Hundreds of auditors were equipped with portable laptop computers during FY89, enabling them to conduct lengthy analyses of taxpayers' records that previously had been done with calculator and pen in hand. These new computer resources, along with increases in staff, enabled both audit bureaus to work cases faster and more effectively than ever before. As a result, DOR auditors completed over 225,000 audit cases in FY89 — nearly triple the number completed in FY88.

Not surprisingly, this enhanced audit coverage increased the number of cases forwarded for collection. Rising to the challenge, DOR's Collections Bureau not only absorbed a significant increase in its workload but, at the same time, succeeded in securing

Tax Enforcement

Audit Cases



record amounts of already identified delinquent tax dollars. Collections for the Bureau increased by 65% in FY89; the Bureau's seizure program alone generated \$11 million. Each collector produced, on average, \$1.7 million for the Commonwealth — a 19% increase over FY88.

DOR also intensified its efforts to strengthen its partnerships with the Internal Revenue Service (IRS), other states and other agencies within Massachusetts in FY89. Building

FY89 also saw DOR forge ahead with the second phase of the Tri-State Compact — a program initiated in FY87 to boost sales/use tax compliance throughout the Tri-State region. With over 7,000 Massachusetts, Connecticut and Rhode Island merchants agreeing to collect the sales/use tax on their interstate sales in FY88, the three states are now working together to track down non-complying vendors who failed to take advantage of the Compact. During FY89, DOR collected over \$2 million from out-of-state merchants who registered to collect the proper tax while another \$750,000 was collected from vendors who failed to register during Phase I of the Tri-State program.

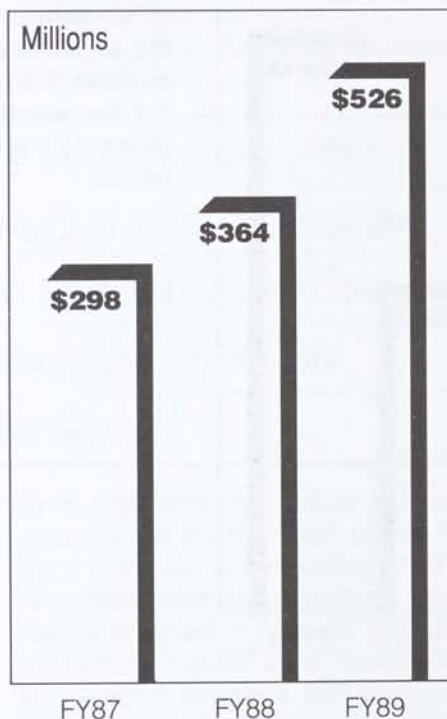
DOR sent out another powerful enforcement message in FY89 when it joined forces with the Registry of Motor Vehicles to begin a state-wide drive against a highly visible form of tax avoidance: The illegal use of repair plates. With plans to contact every one of the estimated 8,000 repair establishments that are issued repair plates, the two agencies had visited over 2,600 by the end of the fiscal year. Of those, nearly 60% were found to be using their repair plates to avoid the Commonwealth's sales/use tax on motor vehicles. By the end of FY89, these investigations brought collections from the project to nearly \$2.5 million.

DOR's Revenue Initiatives resulted in the best performance in the Department's history. DOR was even able to offset a potential downturn in overall tax collections brought on by the Supreme Judicial Court's ruling in the *General Electric* case, allowing large companies to reduce their taxes by importing out-of-state losses. Indeed, with overall enforcement collections increasing by \$162 million, fully 30% of the growth in the Commonwealth's revenues in FY89 was directly attributable to DOR's enforcement efforts.

Well established as a national leader in state tax enforcement, DOR in FY89 launched its most ambitious enforcement crackdown ever against tax evasion: The Revenue Initiatives Program.

on its IRS information exchange agreement, for example, the Department identified more people who failed to report or underreported Massachusetts income. Greater staff resources resulted in a 325% increase in the number of IRS-referred cases DOR was able to complete. These efforts resulted in over \$11 million in assessments against non-filers alone.

Overall Enforcement Collections



Criminal Investigations Lead to Highest Number of Tax Prosecutions Ever

New efforts by DOR's Criminal Investigations Bureau (CIB) brought unprecedented numbers of tax offenders to court during the past two years.

With the number of tax cases being accepted for prosecution by the Attorney General's Office at an all-time high and the Courts handing out the toughest penalties yet for tax crimes, CIB had its most successful year ever in FY89: A record 35 convictions included the highest fine ever levied against a corporation (\$150,000) or an individual (\$125,000) as well as the longest jail sentences for tax crimes in state history. In all, the Courts levied fines totaling nearly

Since CIB joined forces with the Criminal Bureau of the Attorney General's Office to form a special Tax Prosecution Unit (TPU) in late FY87, more and more cases of criminal tax offenses are being uncovered and successfully prosecuted. In FY88, its first full year of operation, TPU efforts resulted in the imposition of \$275,000 in fines — almost a three-fold increase over FY87 fines and an amount higher than the three previous fiscal years combined.

CIB's special enforcement projects enjoyed significant triumphs as well. As part of its "Southern Lights" program, for example, three more individuals pled guilty in FY89 — bringing the total number of convictions stemming from the program to 18.

Criminal Investigations

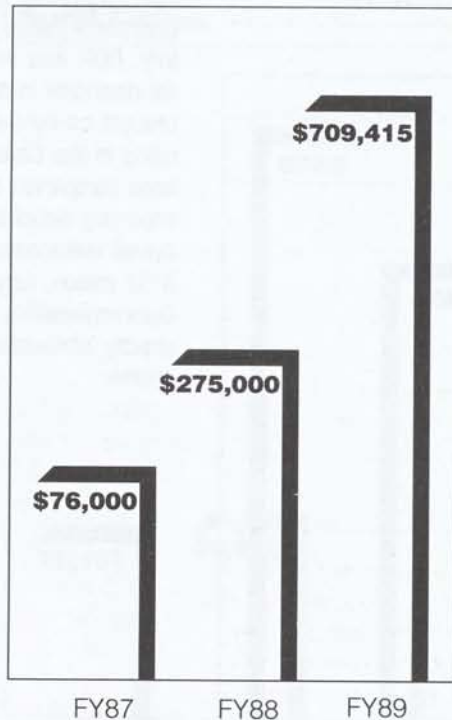
New efforts by DOR's Criminal Investigations Bureau brought unprecedented numbers of tax offenders to court.

three-quarters of a million dollars — more than a 150% increase over FY88 fines — and ordered seven jail sentences against tax offenders.

Southern Lights targets Massachusetts residents who work in Connecticut but fail to pay Massachusetts taxes on their out-of-state earnings.

During FY89, CIB began a regionalization plan under which investigative units were established in DOR's Springfield, Natick and Wakefield Offices. Similar units are planned for the Brockton and Cambridge Offices. This effort should increase contact between the Bureau's criminal investigators and their civil counterparts throughout the Department — ultimately increasing criminal tax violation referrals.

Total Fines



DOR's Division of Local Services Helps Communities in Fiscal Crisis

As the state agency responsible for overseeing the fiscal affairs of the Commonwealth's 351 cities and towns, DOR, through its Division of Local Services, ensures that communities comply with municipal tax and finance laws. The Division's services range from certifying local property tax rates and distributing State Aid to training local officials in budget management and helping them improve their accounting systems.

Throughout FY88, for example, DOR helped 35 communities convert to the Uniform Municipal Accounting System (UMAS) — bringing the total that use the system to 235. Regarded as the professional standard for accounting, UMAS is a comprehensive and practical accounting system that conforms with the Generally Accepted Accounting Principals for local governments.

Through its newly-established Community Outreach Program, Local Services met with over 40 communities to help them resolve important fiscal issues in FY88. When cities and towns began to entertain Proposition 2½ overrides, for example, the Division helped local officials by analyzing the fiscal status of these communities and preparing detailed, customized reports based on their findings. The Division also released a brochure, *Everything You Always Wanted to Know About Levy Limits...But Were Afraid to Ask: A Primer on Proposition 2½*, to guide local officials through the mechanics of Proposition 2½.

Local Services

By assuming a greatly expanded role in the monitoring and oversight of local finances and budgets during FY89, DOR was able to help communities restore fiscal stability without sacrificing essential services.

During FY89, DOR's responsibility to Massachusetts cities and towns took on new levels of significance as communities battled even tougher fiscal issues including a slowdown in the growth of State Aid. As more and more communities began to experience severe revenue constraints, DOR developed a course to help local officials deal with the

impacts of Proposition 2½ on their property tax levy limits. The Department also released a study on the use of overrides by Massachusetts communities, *Proposition 2½ Referenda Questions: FY83 - FY89*, to ensure that local officials understand their options for raising revenue under Proposition 2½.

Given increasing instances of large deficits among Massachusetts cities, Local Services staff have begun conducting full-scale financial management reviews for communities in crisis. Lynn, Chelsea, Lawrence, Springfield, Brockton, New Bedford and Holyoke are among the municipalities where DOR has provided intensive assistance. These projects have involved detailed fiscal analysis, development of financial restructuring programs as well as close monitoring and continued assistance whenever necessary.

DOR also presented several budget workshops to officials from smaller communities. Local Services staff offered hands-on training in budgeting methods. Local officials were taught the fundamentals of revenue and expenditure forecasting to arrive at preliminary FY90 budget figures.

FY89 marked the debut of DOR's Accelerated Certification Program. Designed to help communities meet their triennial property recertification requirement, the program provides local assessors with more assistance throughout the three year cycle, including a series of workshops and a detailed manual.

During FY89, Local Services also assigned 11 regional service representatives from its Bureau of Accounts to act as liaisons with cities and towns across the Commonwealth. As a result, local officials can contact the specialist for their communities for help on a range of financial issues including budgetary fund balances (formerly known as "free cash"), tax rates and treasury reports. This enables cities and towns to receive assistance more quickly and directly and enhances service by allowing the Division's accounting staff to become familiar with the particular financial needs of their designated communities.

Along with maintaining ongoing programs, Local Services' main objective throughout FY89 was to help communities end the year without deficits and prepare balanced FY90 budgets. By assuming a greatly expanded role in the monitoring and oversight of local finances and budgets during FY89, DOR was able to help communities restore fiscal stability without sacrificing essential services.

Child Support Enforcement

DOR Expands Commonwealth's Child Support Enforcement Program

Since taking over responsibility for the Commonwealth's Child Support Enforcement Program in July 1987, DOR has led an aggressive battle on behalf of thousands of Massachusetts children who depend on child support. Working closely with the courts and law enforcement officials across the Commonwealth, the Department has moved quickly to show parents who abandon their children financially that child support is more than a moral obligation: It is a child's legal right.

With a whole range of child support enforcement services now available through one agency — from locating absent parents to collecting current or past-due child support payments — more children than ever before are receiving the full financial support they deserve.

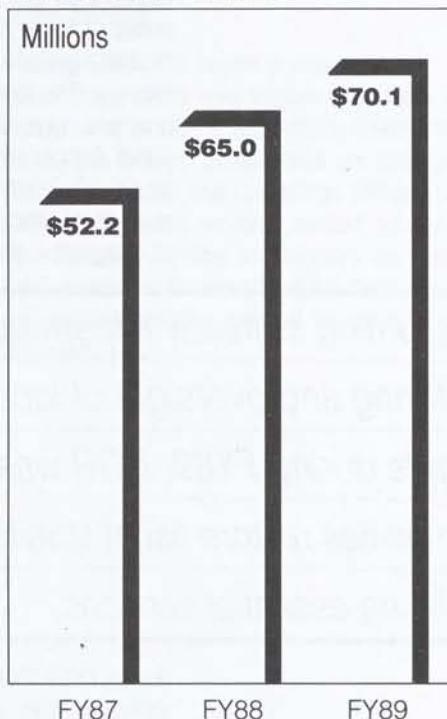
In the two years that DOR has overseen child support enforcement, for example, the Department has collected over \$135 million from non-custodial parents on behalf of their families receiving Aid to Families With Dependent Children (AFDC) — a 30% increase over the prior two-year period. Collections by the courts on behalf of families not on AFDC rose as well — up from \$68 million in FY87 to \$86.4 million in FY88, and reaching \$96 million in FY89.

The support of Governor Dukakis and the Legislature paved the way for key reforms such as presumptive wage assignments to pay child support and the creation of Child Support Guidelines for judges to use when setting support levels. As a result of the Trial Court's commitment to the Child Support

Guidelines, child support orders in the Commonwealth are higher than ever before. The average monthly AFDC order, for example, rose from \$169 in FY87 to \$222 in FY88, the first year the Guidelines were in effect, and increased to \$257 in FY89. In FY89 alone, DOR's efforts helped 8,200 families leave the welfare rolls — saving the state \$16.4 million in AFDC expenditures.

Other law changes enabled DOR to extend many of its tax enforcement powers to the child support enforcement arena. Those powers, first fully exercised in FY89, pulled in nearly \$2 million in past-due child support when some 5,976 liens and levies were placed against the assets of child support delinquents. Thanks to the diligent efforts of the State Police, sheriffs and district attorneys across the Commonwealth, the Department also brought about the arrest or surrender of over 5,000 parents who had ignored orders to appear in court for the enforcement of child support orders — a 67% increase over FY88. This action alone resulted in the collection of nearly \$3 million in child support. DOR also made better use

AFDC Collections



of existing collection tools such as the Tax Refund Intercept Program, which grew by 200% in FY88, bringing in nearly \$11.6 million.

At the same time, DOR has worked hard to implement new initiatives that will ensure the long-term success of the Commonwealth's Child Support Enforcement Program. Through a process called "Court Conversion," for example, DOR is now taking over the financial management of the

With a whole range of child support enforcement services now available through one agency, more children than ever before are receiving the full financial support they deserve.

Commonwealth's 81,000 existing AFDC and non-AFDC child support orders from the courts. When the conversion is complete, the collection, tracking and enforcement functions for all existing AFDC and non-AFDC cases will be centralized within the Department of Revenue. Simultaneous with Court Conversion, DOR is accepting the same responsibilities for all new cases filed with the courts through a process known as "Case Assumption." These efforts will allow DOR to take over time-consuming record-keeping and accounting tasks, while freeing court personnel to do work on cases that can be handled only by a court. Though massive in scope, this case-by-case, court-by-court consolidation effort will eventually make child support enforcement a less cumbersome and more efficient process.

To help Massachusetts families take advantage of the assistance available through DOR's Child Support Enforcement Division, the Department published a guide to all of its child support enforcement services. The guide, *Kids Come First*, is available through DOR as well as any probate or district court in the Commonwealth. The Department realized another important public information objective in FY89 with the release of its employer's guide to wage assignment: *Withholding Wages For Child Support*. The guide addresses the issues employers most often raise about wage withholding for child support and is mailed to all employers who must deduct court-ordered child support from their employees' paychecks.

Over time these educational efforts, coupled with higher child support orders, consistent use of wage assignment and increasing instances of voluntary compliance, should significantly reduce the number of children forced to live in or near poverty.

Fiscal Year 1988 Legislative Review

An Act Improving the Collection of Child Support in the Commonwealth (St. 1987, c.490) - Extended many of the powers that DOR has for the collection of state taxes to enforcing and collecting delinquent child support payments, including: interest and penalty provisions; lien, levy and seizure provisions; and expanded access to confidential tax data. Effective: 11/16/87.

An Act Exempting Certain Summer Camps from the Excise on Meals and Room Occupancy (St. 1987, c.581) - Exempted certain summer camps -- for children age 18 and under, or developmentally disabled individuals -- from the room occupancy excise and the meals tax. Effective: 6/1/88.

An Act Exempting Certain Precious Metals from the Sales Tax (St. 1987, c.608) - Exempted from sales/use tax, sales of \$1,000 or more of the following: rare coins of numismatic value; gold or silver bullion or coins; and gold or silver tender of any nation (except the Republic of South Africa or Namibia) traded and sold according to its value as precious metal. Fabricated precious metal processed or manufactured for industrial, professional or artistic use does not qualify for exemption. Effective: 1/26/88.

An Act Increasing Resources for Learning by Collecting Education Loans in Default in the Commonwealth (St. 1987, c.667) - Expanded the set-off debt collection provisions of G.L.c.62D to encompass the collection of defaulted education loans in the Commonwealth. The Board of Regents of Higher Education is designated as the claimant agency. Also, the legislation provided that the Massachusetts Higher Education Assistance Corporation may use the wage reporting system to locate education loan defaulters. Effective: 4/4/88 with set-off provisions first applicable to 1988 refunds issued in 1989.

An Act Extending the Time for Certain Residential Tax Credits for Renewable Energy Source Property (St. 1987, c.677) - Extended certain residential tax credits for renewable energy systems. The tax credit for taxable years commencing after December 31, 1988 and before January 1, 1991 is 25% up to a maximum of \$1,000. The credit previously was 35% with a \$1,000 maximum. After 1990, the credit becomes 15% with a \$1,000 cap. Effective: 1/6/88.

An Act Further Regulating Public Employee Retirement in the Commonwealth (St. 1987, c.697, s.118) - Provided that pension contributions made by Massachusetts state or local employees are excluded from income for U.S. tax purposes. Such contributions, however, continue to be included in gross income for Massachusetts tax purposes, subject to a maximum Massachusetts deduction of \$2,000 per taxpayer. Effective: 1/12/88.

An Act Relative to Child Support Orders (St. 1987, c.714) - Provided that any payment or installment of support under any child support order issued by any Massachusetts court, or by a court or agency of competent jurisdiction of any other state, shall be, on or after the date it is due, a judgment by operation of law, with the full force, effect, and attributes of a Massachusetts judgment, including the ability to be enforced; shall be entitled as a judgment to full faith and credit; and shall not be subject to retroactive modification except with respect to any period during which there is pending a complaint for modification, but only from the date that notice of such complaint has been given, either directly or through the appropriate agency, to the obligee or, where the obligee is the plaintiff, to the obligor. Effective: 4/11/88.

An Act Relative to the Alleviation of Traffic Congestion (St. 1987, c.736) - Allowed a domestic or foreign corporation a credit against its excise due equal to 30% of the cost incurred during the taxable year for the purchase or lease of company shuttle vans used in Massachusetts for transporting employees from their place of employment to their homes or to mass transportation. The credit applies to tax years ending on or after December 31, 1988.

An Act Further Preventing Lead Poisoning (St. 1987, c.773) - Provided a new income tax credit, in the amount of the cost of removing or covering lead paint on residential premises, or in the amount of \$1,000, whichever is less. A five-year carryover of any unused credit is provided. The credit is available only if covering is conducted by a licensed deleader, and a form certifying that the unit has been deleaded is filed by the inspector with DOR. Effective only for inspections on or after July 1, 1988 and deleading performed on or after January 1, 1989.

Legislative Review

An Act to Make Health Security Available to All Citizens of the Commonwealth and to Improve Hospital Financing (St. 1988, c.23)

- Established a two-year corporation excise tax credit for certain small corporations or unincorporated businesses offering health insurance to their employees for the first time. The credit is 20% of the entire amount of the health insurance premium expenditure made by the business in the first year and 10% of the health insurance premium expenditure made in the second year. The health insurance premium expenditure must equal at least 50% of the total cost of the premiums for the health insurance plan made available to its employees. The credit applies to the tax years beginning on or after 1/1/90 and ending on or before 12/31/92.

An Act Regulating the Taxation of Bed and Breakfast Establishments (St. 1988, c.31)

- Exempted owner-occupied one, two and three-room bed and breakfast homes from both the room occupancy and meals excises. Also extended the exemption to prior years to the extent that the room occupancy excise had not been collected by the operator. Effective: 5/10/88.

An Act Imposing a Sales Tax on Cigarettes (St. 1988, c.86) - Subjected the retail sales of cigarettes and smokeless tobacco to the Massachusetts sales/use tax. Effective: 7/15/88.

Fiscal Year 1989 Legislative Review

An Act Providing for Changes in the Personal Income Tax and Clarifying Certain Other Provisions (St. 1988, c.106)

- Updated the Massachusetts personal income tax law to the Federal Internal Revenue Code as amended on January 1, 1988. Among the major changes incorporated are provisions affecting passive losses, depreciation rules, employee business expenses, entertainment expenses, unemployment compensation, and various accounting rules.

-It also adopted the federal provision granting a tax exemption to those taxpayers killed in combat or terroristic attacks in foreign countries.

-It also clarified how trade and business deductions in excess of ordinary income can be used to offset capital gains income.

-It provided that a nonresident's eligibility for no tax status is determined as if the

nonresident were a Massachusetts resident for the entire year.

-Further, it allowed resident trusts and estates a credit for income taxes paid to another state comparable to that allowed to individual residents.

-It also specifically exempted REMIC's from the income tax imposed on corporate trusts.

-It eliminated requirements to post security for installment transactions where the tax liability is \$1,500 or less.

All provisions apply to tax years beginning on or after 1/1/88. For taxpayers killed in combat or terroristic attack, the exemption applies to tax years beginning on or after January 1, 1987.

An Act Relative to Residential Classification Burdens (St. 1988, c.200)

- Allowed certain communities to increase the amount by which they can shift the property tax burden from residential property to business property and allowed the residential exemption to be doubled. Effective: 7/26/88.

An Act Relative to Certain Revenues of the Commonwealth (St. 1988, c.202) - Contained amendments to the business corporation excise, effective for tax years ending on or after December 31, 1988, except as noted.

-The minimum excise is increased from \$228 to \$456.

-The rules for combined return filers under Section 32B are revised to require apportionment of each member's income before combination, thereby reversing the GE/CDE/United Shoe result.

-Eligibility for Massachusetts S corporation status is limited to entities with less than \$6,000,000 in total receipts.

-5% of dividends received from corporations in which the taxpayer owns 15% or more of the voting stock is includable in apportionable net income.

-Motor vehicles and trailers subject to the Massachusetts motor vehicle excise no longer qualify for the investment tax credit; such credit may no longer be applied against the excise owed by an affiliate in a combined return.

-A five-year carryover of net operating losses will be allowed for losses incurred in 1989 and subsequent fiscal years, with

phase-in limits on the amount of carry-over losses that may be taken during the first three years, 1990 through 1992.

In addition to the above changes, the statute of limitations for audit and assessment is extended from three to six years after August 1, 1988, where a taxpayer omits gross income or tax properly includable on the return in excess of 25% of the amount stated.

An Act Relative to the Administration and Enforcement of Certain State Taxes (St. 1988, c.209)

- Provided the Commissioner permanent authority to hire outside collection agencies to assist in collecting unpaid Massachusetts state taxes. Effective: 7/26/88.

An Act Further Regulating the Payment of Corporations Excise Estimated Taxes (St. 1989, c.39)

- Contained amendments to the corporation excise estimated tax provisions, impacting on business, bank, insurance and public utility corporations doing business in Massachusetts. The new act:

- Revised the estimated payment installment percentages for payments required on or after 4/27/89 to 40%, 25%, 25% and 10% from 30%, 25%, 25% and 20%, respectively. The new percentages do not apply to the first full taxable year of a corporation with less than ten employees.
- Any corporation which had paid its first installment prior to 4/27/89 must increase its second installment from 25% to 35% to avoid underpayment penalties.
- Fiscal year corporations making payments for a tax year ending after 12/31/89, that have not yet made their first estimated payment, are required to follow the new installment payment percentages.
- The minimum estimated tax thresholds below which an underpayment penalty may apply are revised. Certain large corporations, i.e., those corporations having \$1,000,000 or more of federal taxable income in any of the three preceding taxable years may not use the prior year's liability as a minimum. Such corporations must use the current year's liability as they do federally. A new threshold of 90% of the current year's tax using the prior year's apportionment percentage has been established.

-Corporations are no longer required to file a declaration of estimated tax.

-The 5% penalty for failure to file a declaration of estimated tax is repealed.

-The \$1,000 threshold for requiring estimated tax payments remains unchanged.

-The new provisions become inoperative after December 31, 1990 unless legislatively extended.

An Act Relative to the Deeds Excise Tax (St. 1989, c.193)

- Raised the deeds excise for three years to provide additional revenues to relieve the fiscal stress affecting counties; dedicated the revenues for certain purposes; and established a new budget review process for county government. The new act:

- Doubled the deeds excise to July 1, 1992, from \$2.28 per \$1,000 of value to \$4.56 in every county except Barnstable where the excise is increased by an additional \$1.14 per \$1,000. (An additional \$2.28 per \$1,000 was levied by Barnstable County on March 1, making its total excise \$5.70 per \$1,000.)
- 85% of the new revenue goes directly to the counties to be used first for debt service; this is a result of the county borrowing funds authorized by this act to cover FY89 county deficits. At least 75% (100% in Barnstable) of the balance must be used for the operation of county jails and sheriffs' departments; up to 15% may be used for other county operations; and up to 10% may be used for modernization and operation of registries of deeds.
- 15% of the new revenue goes to Massachusetts and is earmarked for a new County Correction Fund. Such revenue is to be used primarily for the operation of county jails and other sheriffs' functions, as allocated without appropriation by a newly-established County Government Finance Review Board (CGFRB) upon application of the sheriffs. Such Board consists of the Secretaries for Administration and Human Services and the Commissioner of Revenue.
- County budgets for FY90-FY92 must be reviewed and approved by the CGFRB to ensure that counties do not overspend and adequately finance their jails.
- Permanently exempts conveyances by Massachusetts cities or towns from the deeds excise. Effective: 7/1/89.

Local Aid Receipts for Cities, Towns, and Regional School Districts—Fiscal Years 1985–1989 *(in millions)*

ITEM RECEIPTS

<i>Cities and Towns</i>	<i>FY85</i>	<i>FY86</i>	<i>FY87</i>	<i>FY88</i>	<i>FY89*</i>	<i>\$Change</i>
REIMBURSEMENTS						
Loss of Taxes, all programs	\$ 30.0	\$ 32.7	\$ 34.8	\$ 17.9	\$ 19.3	\$ 1.4
Veterans' Benefits	7.5	11.7	12.5	9.0	11.8	2.8
Pensions to Retired Teachers	20.1	21.5	22.3	22.3	23.0	.7
Urban Renewal, 3 programs	1.7	1.8	1.2	1.4	1.5	.1
School Transportation	53.6	101.4	53.7	59.6	63.3	3.7
Public Libraries	10.4	8.9	14.5	14.4	14.7	.3
School Construction & Repair	78.8	82.4	102.1	108.9	106.3	-2.6
Racial Imbalance, 3 programs	19.9	20.2	18.7	28.6	27.3	-1.3
School and Elderly Lunch	5.5	4.6	5.5	5.5	5.5	—
Highway & Transit, 2 programs	21.0	21.0	21.0	21.0	21.0	—
Residential School Costs	6.4	5.5	—	—	—	—
Other Programs	31.9	66.9	78.9	150.2	150.7	0.5
TOTAL REIMBURSEMENTS	\$ 286.8	\$ 378.6	\$ 365.2	\$ 438.8	\$ 444.4	\$ 5.6
DISTRIBUTIONS						
Chapter 70 & Apprentice Training	\$ 881.1	\$ 924.5	\$ 998.6	\$ 1,071.1	\$ 1,109.2	\$ 38.1
Lottery, Beano, etc.	146.9	174.1	195.0	215.0	306.0	91.0
Additional Assistance	509.2	559.2	714.5	814.7	765.0	-49.7
Highway Fund	21.2	21.8	23.2	23.5	24.7	1.2
Urban Redevelopment Excise	50.1	36.3	42.1	44.8	43.7	-1.1
Boston Funding Loan Act	7.0	11.8	14.4	8.7	—	-8.7
TOTAL DISTRIBUTIONS	\$1,615.5	\$1,727.7	\$1,987.8	\$2,177.8	\$2,248.6	\$70.8
TOTAL RECEIPTS—Cities and Towns	\$1,902.3	\$2,106.3	\$2,353.0	\$2,616.6	\$2,693.0	\$76.4
Regional School Districts						
REIMBURSEMENTS						
Regional School District Aid	\$ 62.4	\$ 70.4	\$ 77.5	\$ 88.3	\$ 99.2	\$ 10.9
School Transportation	22.7	23.9	25.5	27.4	29.7	2.3
School Construction and Repair	14.3	15.0	19.4	16.3	18.6	2.3
Residential School Costs	0.5	1.3	—	—	—	—
Other Programs	4.4	10.5	21.3	19.5	15.8	-3.7
TOTAL REIMBURSEMENTS	\$ 104.3	\$ 121.1	\$ 143.7	\$ 151.5	\$ 163.3	\$11.8
DISTRIBUTIONS						
Chapter 70, Adjustment & Apprentice Training	\$ 101.2	\$ 107.5	\$ 105.8	\$ 107.8	\$ 110.0	\$ 2.2
TOTAL RECEIPTS—Regions	\$ 205.5	\$ 228.6	\$ 249.5	\$ 259.3	\$ 273.3	\$14.0
TOTAL DIRECT AID*	\$2,107.8	\$2,334.9	\$2,602.5	\$2,875.9	\$2,966.3	\$90.4

*FY85–88 are Actual Receipts, FY89 figures are Cherry Sheet Estimates.

The Taxes—Fiscal Years 1988 and 1989

TYPE OF TAX	MEASURE	RATE ¹	RETURN DUE
Personal Income	Dividends, Capital Gains ² & Interest other than Mass. bank interest.	10.0%	On or before April 15 for calendar year filings. The 15th day of the 4th month for fiscal filings.
	Other income	5.0% ³	
Estimated Tax			Due quarterly on or before the 15th day of April, June, September and January.
Estate	Taxable estate (after expenses, debts, losses, exemptions, charitable and marital deductions)	5% to 16%	Within 9 months after the date of the decedent's death.
Alcoholic Beverages	Malt (31-gal. bbl.)	\$3.30	Monthly, on or before the 20th day of the month.
	Cider 3%–6% (wine gal.)	\$.03	
	Still wine 3%–6% (wine gal.)	\$.55	
	Sparkling wine (wine gal.)	\$.70	
	Alcoholic beverages 15% or less (wine gal.)	\$1.10	
	Alcoholic beverages more than 15%–50% (wine gal.)	\$4.05	
	Alcoholic beverages more than 50% (proof gal.)	\$4.05	
Cigarettes	20-Count package	\$.26	Monthly, on the 20th day of the month. Unclassified importers must file upon importation or acquisition.
Deeds	Sales price (less mortgage assumed) of real estate	\$1.14 ⁴ per \$500	Monthly, on or before the 10th day of the month.
Motor Fuels	Gasoline and Diesel Fuel per gallon ⁵	10%	Monthly, on or before the 20th day of the month.
	Average wholesale price		
	Propane, Liquefied Gas, etc.	10%	
Room Occupancy	Transient Room Occupancy	5.7%	On or before the 20th day following the close of the tax period. If annual liability: Up to \$25,000—Monthly filings Over \$25,000—Monthly payments, Quarterly filings
	At local option, up to	4.0%	
Sales and Use Tax	Sale, rental or use of tangible personal property, including cigarettes.	5%	On or before the 20th day following the close of the tax period. If annual liability: Up to \$100—Annual filing \$101–1,200—Quarterly filings \$1,201–25,000—Monthly filings Over \$25,000—Monthly payments, Quarterly filings

¹ Tax rates as of August 1, 1989.

² While capital gains are taxed at 10.0%, taxpayers can deduct 50% of net long-term capital gains, creating an effective tax rate of 5%.

³ For 1989, 5.375% and for 1990, 5.75%, except for Massachusetts bank interest, pension/annuity income, rental income, unemployment benefits, alimony and IRA/Keogh distributions, which remain at 5%.

⁴ \$2.28 from 7/1/89 to 6/30/92 except in Barnstable County, where the rate is \$1.71 from 7/1/89 to 6/30/92. Barnstable County levies an additional \$1.14 per \$500 as a county tax.

⁵ Rate is 10% of average wholesale price, with an 11¢ minimum.

TYPE OF TAX	MEASURE	RATE	RETURN DUE
Sales Tax on Meals, Prepared Food and/or Alcoholic Beverages	All "restaurant" food and on-premise consumption of alcoholic beverages in any amount.	5%	On or before the 20th day following the close of the tax period. If annual liability: Up to \$25,000—Monthly filings Over \$25,000—Monthly payments, Quarterly filings
Business Corporation	Net Income Tangible Property or Net Worth Minimum	9.5% ⁶ \$2.60 per \$1,000 \$456	15th day of third month after close of taxable year.
Estimated Tax	Liability in excess of \$1,000		Due quarterly as follows: 15th day of third month of taxable year—30% (40% in 1989–90) ⁷ 15th day of sixth month of taxable year—25% 15th day of ninth month of taxable year—25% 15th day of twelfth month of taxable year—20% (10% in 1989–90) ⁷
Security Corporation			
Regulated	Gross Income	0.33%	Same as business corporations.
Unregulated	Gross Income Minimum	1.32% \$228	
Commercial Bank and Thrift Institution	Net Income	12.54%	Same as business corporations.
Public Utilities	Net Income	6.5%	Same as business corporations.
Insurance Company			
Domestic Life	Premiums	2.0%	On or before March 15.
	Mass. Net Investment Income	14.0%	
Foreign Life	Premiums	2.0%	
Domestic Casualty	Premiums Gross Investment Income	2.28% 1.0%	On or before March 15.
Foreign Casualty	Premiums	2.28%	
Ocean Marine	Underwriting Profit	5.7%	On or before May 15.
Club Alcoholic Beverages	Gross Receipts	0.57%	On or before April 15.
Motor Vehicle garaged outside Massachusetts	90% to 10% of Manufacturer's list price	\$25 per \$1,000	On or before thirty days from issuance of tax bill.

⁶ S corporations: 4.5% if total receipts \$9 million or more; 3% if total receipts are \$6 million or more but less than \$9 million.

⁷ Remains at 30% and 20% for corporations with less than 10 employees in its first full tax year.

Revenue Collections

Fiscal Years 1985–1989 (in thousands)

STATE TAXES COLLECTED BY DOR

	FY85	FY86	FY87	FY88	FY89	%Change
Tax on Personal Income						
TOTAL	\$3,158,998	\$ 3,628,493	\$ 3,995,649	\$ 3,984,746	\$ 4,286,689	7.6
Taxes on Business						
Corporations	\$ 666,423	\$ 802,558	\$ 814,082	\$ 771,806	\$ 887,059	14.9
Insurance Companies	163,684	187,896	215,071	241,226	294,585	22.1
Public Utilities	45,589	73,140	57,635	74,007	72,245	(2.4)
Commercial Banks	97,835	121,163	120,527	110,963	125,155	12.8
Savings Institutions	40,484	72,188	108,638	108,111	98,316	(9.1)
TOTAL	\$1,014,015	\$ 1,256,945	\$ 1,315,953	\$ 1,306,113	\$ 1,477,360	13.1
Taxes on Commodities Sold						
Motor Fuels	\$ 283,062	\$ 288,603	\$ 297,404	\$ 305,517	\$ 306,871	0.4
Cigarettes	174,793	173,264	170,626	168,479	158,626	(5.8)
Alcoholic Beverages	83,195	80,258	80,321	78,012	75,753	(2.9)
Sales & Use	1,209,523	1,452,092	1,600,004	1,733,313	1,787,070	3.1
Sales on Meals	228,956	258,108	265,750	287,780	296,874	3.2
TOTAL	\$1,979,529	\$ 2,252,325	\$ 2,414,105	\$ 2,573,101	\$ 2,625,194	2.0
Other Taxes						
Estate & Inheritance	\$ 153,602	\$ 210,714	\$ 223,084	\$ 254,701	\$ 258,560	1.5
Room Occupancy	31,869	37,086	39,724	50,222	57,896	15.3
Deeds	29,874	43,160	53,277	50,562	46,076	(8.9)
Club Alcoholic Beverage	350	387	372	423	555	31.2
Motor Vehicle	549	527	344	932	1,188	27.5
Savings Dep. Insurance/Mass. Housing Partnership	—	11,000	12,282	3,454	6,546	89.5
TOTAL	\$ 216,244	\$ 302,874	\$ 329,083	\$ 360,294	\$ 370,821	2.9
Total State Taxes Collected by DOR	\$6,368,786	\$ 7,440,638	\$ 8,054,790	\$ 8,224,255	\$ 8,760,065	6.6

**LOCAL TAXES COLLECTED BY DOR
ON BEHALF OF COMMUNITIES**

	FY85	FY86	FY87	FY88	FY89	%Change
Urban Redevelopment	\$ 38,548	\$ 36,536	\$ 42,207	\$ 44,196	\$ 43,706	(1.1)
Local Option Airplane Jet Fuel	—	11,375	13,223	12,477	13,129	5.2
Local Option Room Occupancy	—	10,786	23,157	31,155	35,112	12.7
Sav. Co-op Ins./Oil Haz. Material	—	—	21,000	—	—	NA
Boston Excise Fund	8,301	12,053	14,086	6,601	—	(100.0)
Total Local Taxes Collected by DOR on Behalf of Communities	\$ 46,849	\$ 70,750	\$ 113,673	\$ 94,429	\$ 91,947	(2.6)

**STATE TAXES COLLECTED
BY OTHER AGENCIES**

Horse & Dog Racing	\$ 36,033	\$ 37,168	\$ 35,679	\$ 33,328	\$ 32,666	(2.0)
Beano	5,375	5,275	5,150	5,173	5,065	(2.1)
Raffles/Bazaars	1,035	1,078	1,207	1,265	1,248	(1.3)
Special Insurance Brokers	—	—	5,547	6,834	6,967	1.9
Re-emp. & Job Placement Fund	—	—	—	—	10,633	NA
Total State Taxes Collected by Other Agencies	\$ 42,443	\$ 43,521	\$ 47,583	\$ 46,600	\$ 56,579	21.4

**TAXES ON PROPERTY COLLECTED BY
LOCAL GOVERNMENT**

Real Estate	\$ 2,958,023	\$ 3,141,323	\$ 3,376,401	\$ 3,656,391	\$ 3,990,701	9.1
Personal Property	167,985	168,056	159,890	148,392	130,568	(12.0)
Motor Vehicles	184,408	241,863	224,708	264,471	329,902	24.7
Total Taxes on Property Collected by Local Government	\$3,310,416	\$ 3,551,242	\$ 3,760,999	\$ 4,069,254	\$ 4,451,171	9.4
TOTAL ALL TAXES	\$9,768,494	\$11,106,151	\$11,977,045	\$12,434,538	\$13,359,762	7.4

Because of rounding, detail may not add to Totals.

* DOR has estimated the collections for the purpose of this comparison.

Offers in Final Settlement

Under G.L.c. 62C, sec. 37A, the Commissioner of Revenue has the authority, under specific conditions, to accept less than full payment as a final settlement for a State tax liability. The statutory condition for such settlements is "serious doubt" as to collectibility of the tax due or the taxpayer's liability for it. The Commissioner must also determine that the taxpayer has acted without intent to defraud. The settlement must be recommended to the Commissioner by at least two deputy commissioners.

The written agreement, signed by all parties and including the reasons for settlement, is a public record. Any agreement in which the tax reduction is \$20,000 or more or the settlement is less than half the full liability must be

reviewed by the Attorney General of the Commonwealth, who has the authority to reject it.

The law requires that a listing of all settlements entered into during the fiscal year be included in the Commissioner's annual report. In Fiscal Year 1988, twenty-one settlements were made. All were reviewed by the Attorney General. Forty other offers for settlement were refused. In Fiscal Year 1989, eighteen settlements were made, of which fifteen were reviewed by the Attorney General. Fifty-six other offers for settlement were refused.

The cases approved were as follows:

FISCAL YEAR 1988 NAME

	TOTAL TAX, INT. & PEN.	AMOUNT IN SETTLEMENT	AMOUNT ABATED
Howard Lawson	\$ 28,076	\$ 5,000	\$ 23,076
Thomas & Mavie Ford	2,556	1,130	1,426
Mario & Thelma DeLuca	7,337	2,600	4,737
Darwin A. Hancock d/b/a Mac Tools	8,845	2,100	6,745
Richard M. Kresconko	24,933	4,000	20,933
David J. Butler	10,716	625	10,091
Budd F. Healy d/b/a Healy's Auto Dynamics	9,086	3,000	6,086
James & Helen O'Neil	6,219	5,000	1,219
Laurana Atwood	3,104	300	2,804
Charles Fetfatsidis	22,307	9,000	13,307
The Thrift Shop at Fort Devens	57,831	1,988	55,843
William Raposa	6,545	2,500	4,045
Value Mart of Pittsfield, Inc.	47,334	7,250	40,084
Gelep Enterprises, Inc.	84,035	45,000	39,035
William C. Stellberger d/b/a Bill's TV Rental	24,714	2,000	22,714
Dennis & Paula Dore	1,792	725	1,067
Luney Tunes Records & Tapes, Inc.	3,342	1,500	1,842
Harold W. Holden Corp. d/b/a Holden's Dairy Bar	22,309	12,000	10,309
Peter D. Wish d/b/a Pure Gold	59,396	10,404	48,993
United Polytech Corp.	29,484	5,000	24,484
Kor-Vend Food Services, Inc.	233,730	75,000	158,730
TOTAL	\$693,691	\$196,122	\$497,570

Because of rounding, detail may not add to Totals.

FISCAL YEAR 1989

NAME	TOTAL TAX, INT. & PEN.	AMOUNT IN SETTLEMENT	AMOUNT ABATED
Museum of Afro American History, Inc.	\$ 70,308	\$ 30,000	\$ 40,308
Gerald A. Tellier d/b/a	43,554	15,000	28,554
Mary Lou's Restaurant			
Thomas Gemelli d/b/a Food Express	30,532	17,500	13,032
Burt D. Stern	26,047	10,000	16,047
James E. Jones d/b/a	12,051	5,000	7,051
H. & U.S. Ice Cream			
Bushee Engineering, Inc.	23,403	15,000	8,403
Stanley's Grill, Inc.	17,730	12,000	5,730
Donna Marie McNeil	29,113	13,981	15,131
Francis X. Fenton	6,147	1,500	4,647
King's Palace, Inc.	26,545	5,000	21,545
Dale Peer d/b/a Dwyer Florist	59,018	17,000	42,018
Patricia Harris	2,048	788	1,260
X. Cadrin & Son, Inc.	151,356	67,000	84,356
Sahles Printing Service, Inc.	18,031	7,000	11,031
Stephen D. Simone d/b/a	33,186	16,096	17,090
Snooky's Catering			
Gerald B. Reed d/b/a Eastern Drywall, Inc. and Pioneer Drywall, Inc.	20,696	9,142	11,554
Brown Precision Mfg., Inc.	13,235	5,000	8,235
Edwin & Margaret Anderson	1,245	446	799
TOTAL	\$584,245	\$247,453	\$336,791

Because of rounding, detail may not add to Totals.

Collection Agencies

Chapter 209 of the Acts of 1988 permits the Commissioner of Revenue to use private collection agencies to collect unpaid state taxes. The Commissioner is required to notify any taxpayer whose accounts are to be assigned to a collection agency at least thirty days beforehand.

The law requires that the Commissioner list all agencies with whom collection agreements exist, the amount of taxes collected and the amount of compensation paid in the Department's annual report. They are as follows:

1988 CONTRACTOR	TOTAL COLLECTED	FEES PAID	NET TO DOR
Capitol Credit	\$1,952,810	\$417,789	\$1,535,021
Corliss Credit Services	1,479,236	328,938	1,150,298
GC Services	1,054,115	211,589	842,526
TOTALS	\$4,486,161	\$958,316	\$3,527,846

1989 CONTRACTOR	TOTAL COLLECTED	FEES PAID	NET TO DOR
Capitol Credit	\$2,907,228	\$ 612,605	\$2,294,623
Corliss Credit Services	2,614,566	558,398	2,056,168
GC Services	1,181,737	211,227	970,510
TOTALS	\$6,703,531	\$1,382,230	\$5,321,301

Because of rounding, detail may not add to Totals.

Resources

In addition to the instruction booklets that come with the major tax forms, the Department of Revenue (DOR) produces a number of publications on various state tax issues for taxpayers. These publications are available through DOR's Taxpayer Assistance Bureau unless otherwise noted.

Publications on the Department's child support enforcement services as well as on issues of interest to Massachusetts cities and towns also are available.

MASSTAX Guide

Contains seven volumes covering all state taxes, local property taxes and DOR administrative procedures and is available for purchase through West Publishing Company or for reference at many law libraries and the State House Library in Boston.

A Taxpayer's Guide to the Department of Revenue

Describes the services available to taxpayers through DOR, offers detailed information on DOR's administrative process — including audit and collection activity — and explains the various appeal routes open to taxpayers.

A Guide to Taxpayer Assistance

Describes all of the main services and special programs offered by DOR's Taxpayer Assistance Bureau.

A Guide to Filing Your Massachusetts Income Tax Forms

Is updated annually to offer detailed instructions and examples for taxpayers with relatively complicated tax situations.

Should You Be Paying Estimated Taxes?

Outlines filing and payment responsibilities for taxpayers who do not have state taxes automatically withheld each pay period.

A Guide to Sales and Use Tax

Includes information on what is taxable, sample forms and a tear-out tax collection schedule for vendors.

A Guide to Estate Taxes

Covers all aspects of the Commonwealth's estate tax laws, including definitions, rates and differences from federal law and is available from the Estate Tax Bureau.

Small Business Information Packet

Contains registration materials, tax information, sample forms and information from other state agencies.

Taxpayer Advisory Bulletin

Is published quarterly with updates on legislative, legal and Departmental decisions and is available at most libraries or through DOR's Communications Office.

DOR Directives, Technical Information Releases (TIR's), Rulings and Regulations

Are prepared on general tax issues as well as specific taxpayer inquiries and are published in the MASSTAX Guide or are available from the Rulings and Regulations Bureau.

Kids Come First: A Guide to Child Support Enforcement Services

Provides an overview of services DOR can offer families seeking child support for their children and is available through DOR's Child Support Enforcement Division (DOR/CSE).

Withholding Wages For Child Support: An Employer's Guide

Describes employers' responsibilities for withholding wages for child support and is available through DOR/CSE.

Paternity Establishment: Protect Your Child's Rights

Explains how DOR can help custodial parents establish paternity for their children and is available through DOR/CSE.

Everything You Always Wanted to Know About Levy Limits... But Were Afraid to Ask: A Primer on Proposition 2½

Discusses the basic provisions of Proposition 2½, focusing especially on those aspects of the law that have caused the most confusion to local officials and is available through DOR's Division of Local Services.

Additional reports and publications on local tax and fiscal issues are available through Local Services.

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Fitchburg, MA 01420
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GREENFIELD

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NATICK

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Natick, MA 01760
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PITTSFIELD

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Pittsfield, MA 01201
(413) 499-2206

SALEM

10 Colonial Road
Salem, MA 01970
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SPRINGFIELD

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Massachusetts

Department of

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Offices

